

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Mail Processing Network
Rationalization Service Changes, 2012

Docket No. N2012-1

RESPONSE OF PUBLIC REPRESENTATIVE WITNESS NEELS (PR-T-1)
TO UNITED STATES POSTAL SERVICE INTERROGATORY (USPS/PR-T1-7)
ERRATA

(June 5, 2012)

Attached to this cover page is a revised response of the Public Representative witness Neels (PR-T-1) to the Interrogatory of the United States Postal Service (USPS/PR-T1-7) filed May 22, 2012. The original filing inadvertently left off the general response to a multi-subpart question. This filing replaces only the response to interrogatory USPS/PR-T1-7.

The interrogatory is stated verbatim and followed by the response.

Respectfully Submitted,

/s/ Christopher J. Laver

Public Representative for
Docket No. N2012-1

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USPS/PR-T1-7. Please confirm that in section V of your testimony (“The Relationship Between Price and Quality”) you make the point that changes over time for price and quality should be considered together, rather than in isolation from one another. Please explain completely any failure to confirm and state, in a single sentence, your point.

- a. Please confirm that service quality for First-Class Mail single-piece volume has improved as measured by modern service standards since Public Law 109-435 became law (reference Postal Service Annual Reports and/or PRC Annual Compliance Reports if necessary). Please explain completely any failure to confirm.
- b. Please confirm that single-piece First-Class Mail is a major component of First-Class Mail. Please explain completely any failure to confirm.
- c. Please assume that performance against current service standards for delivery of single-piece First-Class Mail has improved over the past five years. How, if at all, do you understand that such service quality improvement is 1) reflected in, 2) accommodated by, or 3) accounted for in the current price cap regimen applicable to market dominant products? Please explain the complete foundation for your understanding.
- d. Please confirm that modern service standards for First-Class Mail measure success or failure to effect delivery within the time (number of days) specified by the applicable service standard. Please explain completely any failure to confirm.
- e. Please confirm that, as a hypothetical matter, service standards could be defined in terms of absolute, or piece-specific, speed of delivery from entry to delivery. If you confirm, please provide at least one example of how this could be undertaken.
- f. Please confirm that under current service standards for First-Class Mail, what is reported is the percentage of mail pieces subject to a particular standard (i.e., two days, or three days) actually delivered within the specified timer [sic] period. If helpful, please explain your response. Please explain completely any failure to confirm.

RESPONSE:

I confirm that in order to measure price changes over time one needs to compare the prices charged at different points in time for the same good, and that if price and quality are both changing simple comparisons of price changes over time can be misleading because the products whose prices are being compared are not comparable, and that in order to perform a meaningful comparison changes in price and in quality must be considered together.

(Response to USPS/PR-T1-7 continued)

- a) Confirmed.
- b) Confirmed
- c) To the extent that performance against current service standards for delivery of single-piece First-Class mail has met standards, this would imply that the Postal Service has complied with the requirements of the price cap regimen established by the PRC for this product. To the extent that performance against current service standards for delivery of single-piece First-Class mail has not met standards, this would imply that the Postal Service has not complied with the requirements of the price cap regimen established by the PRC for this product.
- d) Confirmed
- e) It is not clear how the service standard articulated in this subpart differs from that articulated in subpart d. I am thus unsure how to respond.
- f) Confirmed.